

Chairman Louie Cononelos
Director David Ure

**Board of Trustees
School & Institutional Trust Lands Administration
Roosevelt, Utah
Uintah Basin Association of Governments Building**

May 19, 2016

Attending: Board
Louie Cononelos
Jim Lekas
Tom Bachtell
Scott Ruppe
Roger Barrus
Mike Mower

Staff
David Ure
Kim Christy
LaVonne Garrison
Chris Fausett
John Andrews
Ron Carlson
Lisa Schneider
Tal Adair
Nannette Johnson

Others in Attendance:

Lowell Braxton, Western Energy Alliance
Karen Rupp, Utah State Office of Education
Natalie Gordon, Utah State Office of Education
Jonathan Bates, Universities
Shaun Chapoose, Chairperson, Uncompahgre Band Representative, Ute Business Committee
Ed Secakuku, Vice Chairperson, Whiteriver Band Representative, Ute Business Committee
Cummings Justin Vanderhoop, Whiteriver Band Representative, Ute Business Committee
Tony Small, Uncompahgre Band Representative, Ute Business Committee
Ronald Wopsock, Uintah Band Representative, Ute Business Committee
Bruce Ignacio, Uintah Band Representative, Ute Business Committee
David Murray, Ute Tribe Energy and Minerals
Roger Reed, Ute Tribe Energy and Minerals
Cheryl Meier, Uintah County Public Lands
Mike McKee, Commissioner Uintah County
Ron Winterton, Commissioner Duchesne County

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**May 19, 2016
Agenda**

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1. Welcome

Chairman Conanelos excused Lonnie Bullard who was not able to attend the meeting. The Chairman welcomed those who were able to attend the meeting in Roosevelt including, Commissioners Mike McKee and Ron Winterton, Chairman Shaun Chapoose and members of the Ute Business Committee, Lowell Braxton of Western Energy Alliance, and Cheryl Meier of Uintah County Public Lands.

2. Approval of Board Minutes for April 21, 2016

The Board approved minutes of the last meeting of the Board of Trustees.

“I make the motion to approve minutes of April 21, 2016.”

Motion: Ruppe/Bachtell Unanimous

Roll Call:

| | | |
|-----------------------|--------------------|--------------------|
| Louie Conanelos – yes | Jim Lekas – yes | Tom Bachtell – yes |
| Scott Ruppe – yes | Roger Barrus – yes | Mike Mower – yes |

3. Confirmation of Upcoming Meeting Dates

| | | |
|-----------|------------|----------------------------------|
| June | 16-17 | Salt Lake City & UTTR Exch. Tour |
| July | 10-14 | WSLCA in Sandpoint, Idaho |
| August | 18 | Salt Lake City |
| September | 14-15 | Tour/Meeting |
| October | 20 | Salt Lake City |
| November | 17 | Salt Lake City |
| December | No Meeting | |

4. County Advisory Committee, Northern Ute Tribe & Public Comment Period

Ronald Wopsock shared his position regarding the Uncompahgre land belonging to the Ute Tribe. He expressed opposition to Congressman Bishop’s Public Land Initiative saying it will allow BLM and SITLA to get the land they are seeking and the Tribe will not regain the Uncompahgre land they are seeking. Mr. Wopsock spoke of historical mistakes leading to inaccurate records. He spoke of an agreement for law enforcement understanding that was not completed in the 1990s because the Tribe’s interest was not recognized. Mr. Wopsock said there is also no documentation for the Uncompahgre land ownership. There is no trust with the United States government. County officials lied to the Tribe and stopped trying to talk and resolve the differences.

Mr. Wopsock said there is a need for joint work with law enforcement to remove gangs and criminal activity. There are common end results for all in land management efforts. He emphasized that many of the people at the meeting have taken an oath to protect both people and property. Mr. Wopsock said everyone needs to be sincere and be good neighbors.

Mr. Wopsock continued by saying the Ute Tribe does not want to make anyone angry but there are strong feelings for the bulk of money earned by the Tribe going to the city of Vernal in taxes. The Tribe's children and communities are important and the County needs to use taxes to help the Tribe. Uintah County needs to get an attorney that is not racial against the Tribe. Mr. Wopsock said now that he has taken the opportunity to vent, he hopes that everyone is sincere about working together.

Bruce Ignacio spoke of frustration for what is happening between the state, the County and the Tribe. He wants everyone to know that the Tribe will fight for what they deserve. He spoke of the attorney representing Uintah County and the claims made through actions that are illegal. Mr. Ignacio said it may be possible to get to a place where everyone can work together but time will tell if that is the case, or not.

Mr. Wopsock asked to make additional comments and pointed out there were sheep being managed along the Seep Ridge Road. The Tribe thought there was an agreement for access to the land, yet the sheep were unloaded along the road and run down the Buck Canyon to arrive at the sheep owner's property. The sheep carried disease, which spread, and now the Tribe's sheep are having to be put down. There is suspicion that the disease brought by new sheep will wipe out the Tribe's sheep. Disease may also affect the buffalo. The only animals that are immune are wild horses. The land owner was cited for trespassing, yet the damage was done. This is the type of agreement that when the hand-shake is not honored, the result is a lack of trust by the Tribe.

Tom Bachtell asked Mr. Wopsock if the historical agreement from 1990 was a good place to begin again. Mr. Wopsock said the Tribe did not get what they wanted in the agreement and that is why it did not happen. Mr. Bachtell asked, if it was possible for the agreement to happen now. Mr. Wopsock said yes, and added that the agreement was a cross jurisdiction agreement and it will need to go one step further to add a drug task force.

Jim Lekas asked if a joint law enforcement effort with Uintah County and the Ute Tribe would be possible. Mr. Lekas asked if the County could reengage with the Tribe to work on the issues.

Commissioner McKee would like to be able to work hand-in-hand with the Ute Business Committee to come to an agreement. He would like to address misunderstandings. The Commissioner knows why the Tribe is concerned and added that there are opportunities for a commissioner to work with the County budget. Commissioner McKee would like the Tribal community to understand the County is a friend. The Commissioner is willing to stand up for the Tribe. Commissioner McKee expressed hope for a new beginning and pledged to do his best to define a working community. He acknowledged that his work and the Business Committee's work are both efforts for the people. The Commissioner looks forward to engaging again to build communities.

Commissioner McKee said the Governor was true to his word. The counties are the ones that did not meet the commitment. The Commissioner pledged to work in good faith for a better understanding.

Justin Vanderhoop, White River Representative, said it is ironic that now the County wants to come to the table. When asked to sit and talk before, it was denied. Mr. Vanderhoop said it is almost insulting that now the County wants to sit and talk. The County cannot take advantage of the Tribe and then ask to come to the table in full trust. Mr. Vanderhoop said both Uintah and Duchesne counties are guilty. Every avenue is now shut down. After 40 years of litigation now the County wants to come to the table. We are hurt that this request comes now after the Tribe's efforts were ignored.

Commissioner McKee responded to say he has been involved for a long time and there were also attempts by the County that were not acknowledged.

Jim Lekas pointed out the reason for holding the meeting in Roosevelt today was to facilitate communication and opportunities for the Counties, the Tribe, and SITLA.

Tom Bachtell hoped the discussions had not reached a point where communication was like an unmovable object. He acknowledged there have been disappointments. He suggested that the original agreement attempted in the 1990s be reviewed in front of the state, the County, and the Tribe to redefine mutual benefit.

Tony Small, Uncompahgre Representative, spoke about the lack of trust for the State of Utah because there were lies. He added that if there are altercations that occur then that is what needs to happen. But at these meetings we just talk. He asked, "When are we going to act?" If there is no action, there will be no point to these meetings.

Chairman Chapoose pointed out he is tired of kicking the same dead horse and would like to see something happen.

Director Ure knows that SITLA is not making much money with oil and gas projects right now and that is likely the case for many in this area of the state. He said that with support for each other we can all begin to make progress. The Director pledged to be present on the 4th of July to walk with the Tribe, the County Commissioners, and the Governor to celebrate the dedication planned by the Tribe. He asked that everyone at the meeting plan to attend the celebration that day.

Ron Wopsock referenced the meeting with SITLA and Congressman Bishop and the dialogue in the meeting, saying that it was insulting and made claims that were not accurate. Mr. Wopsock said Mr. McKee talks about being fair, but he is not trusted. He expressed disappointment for the outcome of County court cases and asked that an attorney representing the County be removed from his position.

Mr. Wopsock restated that if we are going to do something positive – let's do it. He said "Let's dedicate the statue and get rid of the racial attorney." Ron Wopsock provided letters to be shared with the Board members. He wants to move forward so we can look back and see that the Tribe's children are safe because of a drug task force effort.

Chairman Chapoose said when talking to the governing body of the Tribe, he knows who the decision makers are. When the Tribe talks to State government they do not know who makes the decision and then the people in state positions change making it challenging to keep track. Chairman Chapoose further outlined that when meetings are set to talk there is an intent for communication. The Tribe learned of other communication taking place in Washington DC on matters impacting the Tribe and the Tribe was not invited to be part of the discussion. Culturally, the Tribe gathers information and reviews the circumstance before making a decision. Chairman Chapoose said that society says it does not want to take so much time to review the issues. The Tribe takes offense as these are cultural ways. He further emphasized that when the Tribe talks with Director Ure or the Commissioners they hear commitments. Yet, it is known that the decisions are not made with these individuals. The Tribe cannot take these individuals at their word.

Chairman Chapoose stated that he waits and listens after hearing a claim or an offer. Sometimes contradictory information is shared in less than 24 hours. That is why the culture is to wait and see what evolves. The Chairman makes a point to be civil but the more he is civil the more he loses the best results. He finds that the best results come from planting his feet and not budging so he can take time for the issues to evolve. He expressed a concern that the value of the Tribe in an agreement is only when there is benefit for parties other than the Tribe. When others' needs are met then the Tribe is no longer needed. Chairman Chapoose said it rarely takes more than 24 hours for a deal to change in ways that solves problems for counties, communities and others, but not the Tribe.

Chairman Chapoose wondered where the decision makers are when all the talkers are around the table. He said, "I understand we need to build a house but first we need a foundation." The Chairman added that without a foundation there will not be anything to count on and the Tribe is not going anywhere. He asked those present to understand that when the Tribe is not talking it is because they are listening. Chairman Chapoose made a comparison to parenting for the purpose of teaching how to be trusted by the children. One day the child has to set out on their own and the foundation of listening and making good foundation decision must support what comes next.

Chairman Chapoose referenced the designation of a monument at Bears Ears. The original plan was not for a monument. In the beginning of the process, there was interest for everyone at the table. The Chairman hopes that something more comes from these meetings. He went on to say that if there is only one small topic that is addressed through these meetings but all agree to agree, then that will be something important. However, a topic will not go anywhere if the Tribe feels they have to protect themselves. The Tribe is more familiar with protecting themselves and therefore cautious. The Chairman also hopes that the stalemate is broken today. Chairman Chapoose reminded those present that the decision makers are not sitting at the table today. He ended his comments by asking those attending to take time to consider the statements made today.

Director Ure shared his appreciation and respect for the opinions expressed. He asked that everyone provide responses to inquiries made during the discussion. Chairman Chapoose said sometimes there

are other things going on and sometimes there is nothing for the Tribe to say, yet. He said the culture is take the time to consider things and see if there is evolution in the deal discussed.

Chairman Cononelos closed the discussion portion of the meeting and said that there were a few more items on the agenda before lunch that would not take long. He invited all present to stay for lunch.

5. [This topic was removed from the agenda]

6. Consent Calendar

Consent

There are no consent items for this meeting

Notification

There are no notifications for this meeting

Follow-up after Six Months

a. Major Transaction – Eagle Mountain Development Lease

Roger Barrus was familiar with the transaction and provided the Board with an update. There were no comments on this follow-up from the Board.

7. Chair's Report

a. Salary Range Adjustments for Three Trust Lands Positions

Director Ure reported to the Board that the two-percent pay increase for full-time benefitted employees will be effective July 1, 2016. There are three individuals in positions with ranges that do not allow for the increase or future increases beyond the two-percent. The agency requests Board approval for range increases to three positions including the Trust Lands Legal Assistant, Records Manager/Archivist III, and the Archaeologist Assistant.

"I move that the Board approve three range increases as recommended by the Agency."

Motion: Lekas/Ruppe Unanimous

Roll Call:

| | | |
|-----------------------|--------------------|--------------------|
| Louie Cononelos – yes | Jim Lekas – yes | Tom Bachtell – yes |
| Scott Ruppe – yes | Roger Barrus – yes | Mike Mower – yes |

8. Director's Report

a. Director's Update

Director Ure introduced Tal Adair as a part time Public Relations Officer who will work with the agency to promote education programs in the schools and support the work being done to seek land donations.

Director Ure shared pictures of students receiving checks from SITLA in recognition of the winning photographs in an Instagram contest. The students' pictures and brief comments illustrated how the

school used their trust funds for educational pursuits. Director Ure took the opportunity to teach students about investments in fossil fuels as a source for funding for schools.

Director Ure suggested the Board consider holding a retreat rather than a tour in September. He would like the Board to have a philosophical discussion at a retreat to provide direction for land sales versus land leases.

Director Ure recognized the Board's request for more detailed information prior to the Board meeting. Managers will discuss topics in committee meetings prior to requesting the issue be placed on the consent calendar of Board meetings.

Chris Fausett provided a presentation of the Resource Development Coordinating Committee (RDCC) program. Trust land uses are reported weekly using this online resource. The purpose of the reports is to review and coordinate actions affecting physical resources of the state and to facilitate the exchange of information on land use actions.

The Agency responsibilities, by statute, are to provide a representative who will submit information on actions affecting the physical resources of the state for review. SITLA rules for certain actions require RDCC review. SITLA is also required to evaluate and respond to comments when necessary on certain agency actions in the RDCC report.

The actions requiring review include:

- Beneficial Use Leases
- Designation of trust property for development
- Easements
- Land exchanges
- Range improvement projects
- Sales
- Sand & gravel permits
- Special use leases
- Timber sales

Selected exemptions include:

- Issuance or assignment of grazing permits
- Issuance or assignment of mineral leases, agreements or permits
- Renewals or reinstatements
- Amendments – unless there is an expansion of acreage or change in primary use
- Rights of Entry – no ground disturbance
- Remedy of trespass
- Activities reviewed through local planning & zoning
- Participation in actions exempted from review in another agency's MOU with PLPCO
- Actions submitted for review by another party
- Previously reviewed actions

The publicly accessible website is available at: publiclands.utah.gov/rdcc. The site provides revolving lists of projects along with the sponsor and comments. Email notifications are sent out each Monday and sign-up for emails can be accomplished through the website.

Scott Ruppe asked who is providing staffing for the RDCC. The PLPCO office provides the staff to manage the processes related to the website. The committee meets weekly or more often for special projects. Mike Mower emphasized value in an online resource for knowing what others are working on.

b. Uintah County Industrial Lease Proposal

Kim Christy introduced a proposal for the development of an industrial park in Uintah County. The agency and Uintah County are seeking to enter into a ten-year development lease at a location approximately three miles northeast of Vernal. The land subject to the lease would be developed as an industrial/business park. Though this transaction will be administered by the Surface Group, the subject property has been designated as development property for greater flexibility in the deal structure.

The key transaction components include:

- County to Purchase Property in Phases
 - Anticipate the County will subsequently convey lots to third-party purchasers
 - Size and configuration of each lot mutually coordinated
 - Structured for flexibility
 - Lessor right of refusal
- Lease Term
 - 10 years with two 5-year extension options
- Annual Rental
 - \$5,000 with CPI adjustments every 5 years
- Purchase Price
 - Minimum lot price set at \$2,220/acre
 - 111% of value of property as appraised for industrial purposes
 - Adjusted annually using CPI index
 - Purchase price is the greater of:
 - Current minimum lot price, or
 - 111% of current appraised value
- Proceeds from subsequent conveyances
 - If the County conveys a lot to a 3rd party for more than they paid the agency, they must pay 90% of the difference to the agency
- Lessee Rebates
 - 10% of purchase price placed into escrow account
 - Fund County's out-of-pocket expenses for planning, engineering, and constructing improvements on the property
 - Facilitates improvement of the property, increasing land values
- Development Plans
 - Conceptual plans provided by County within six months
- CC&R's appropriate to develop the property as an industrial/business park will be recorded as each lot is conveyed
- Cultural Resources
 - County provided \$20,000 deposit to cover cultural clearance costs

Commissioner McKee discussed the County's interest in the industrial park saying there is an interested party already seeking to place their enterprise in the park. The industrial/business park has value to the County and surrounding communities. The transaction reflects understanding for fair market value of the land. The appraisal valued the land favorably for SITLA. The benefit to the County is noteworthy.

Tom Bachtell asked if the County would purchase lots from SITLA. Kim Christy clarified that the County would buy the lots.

The Board expressed no opposition to the transaction.

"I make the motion the Agency proceed with the Industrial Park Transaction in Uintah County."

Motion: Mower/Bachtell Unanimous

Roll Call:

| | | |
|-----------------------|--------------------|--------------------|
| Louie Cononelos – yes | Jim Lekas – yes | Tom Bachtell – yes |
| Scott Ruppe – yes | Roger Barrus – yes | Mike Mower – yes |

c. DWR/Garfield County Prairie Dog Mitigation Sale

Kim Christy provided a brief overview to say this property contains high and medium value Utah prairie dog habitat. The DWR received funding through the U.S. Fish and Wildlife Service and the Department of Natural Resources Endangered Species Mitigation Fund to acquire critical prairie dog habitat as part of the prairie dog recovery program.

The funding is to be specifically used to purchase recovery habitat. Garfield County's motivation for the proposed sale includes the following issues.

- Paunsaugunt Recovery Unit is approaching year three of meeting its > 2000 dog requirement to qualify for delisting
- Garfield County is highly motivated to consummate this sale for added insurance that recovery might be realized
- Parcels are considered as critical and occupied and will qualify for nearly 120 dog add-on to the required 2000 dogs in the recovery unit
- Arrangement is a partnership supported by critical stakeholders, including the County, DWR, USFWS, and SITLA
- Funded by USFWS through DWR, along with state ESMF
- Win/Win/Win/Win regardless of court appeal outcome

Mike Mower asked where funds come from for Garfield County to purchase land. Mr. Christy explained the Fish and Wildlife Service provides much of the funding through the Department of Natural Resources' Endangered Species Mitigation Fund.

Tom Bachtell asked if SITLA will retain the mineral rights for the land sold for mitigation. Kim Christy confirmed the agency maintains mineral rights. Mr. Christy also noted the deal has been reviewed with all SITLA work groups for potential conflicts. No conflicts were identified but Mr. Christy emphasized the land is heavily impacted by federal protection of a species and therefore limits the ability to generate revenue making this a good opportunity to monetize the asset.

The transaction details are for 640 acres @ \$703.13/ac (\$450,000.00) and 400 acres @ \$600.00/ac (\$240,000.00) for a total sale price of \$690,000.00. Additionally, this transaction allows for the potential delisting of a federally protected species, which could prove to benefit other trust lands in the habitat recovery area.

Mr. Christy requested the Board's approval to complete this negotiated sale as outlined above.

"I make the motion the Agency proceed with the Garfield County Prairie Dog Mitigation Sale."

Motion: Bachtell/Ruppe Unanimous

Roll Call:

| | | |
|-----------------------|--------------------|--------------------|
| Louie Cononelos – yes | Jim Lekas – yes | Tom Bachtell – yes |
| Scott Ruppe – yes | Roger Barrus – yes | Mike Mower – yes |

d. Land Exchange Distribution Account (LEDA) Presentation

The presentation by Ron Carlson was postponed until the June Board meeting in Salt Lake City.

e. Grazing Permit Bids

Kim Christy reviewed the grazing rights within the state by outlining how competitive interest on expiring grazing permits will follow the Agency's rule. The recent rule changes call for more transparency of expiring grazing permits in the following ways.

- All expiring permits presented on agency website
- Accompanied by generic advertising in agriculture organization newspaper circulations
- Interested parties allowed to offer qualified competing offers through the month of April
- Incumbent permittees given until end of May to match competing bonus bids

Mr. Christy said the Agency exposed all expiring grazing permits using the Agency website. While some frustration exists, the large majority of calls received in the field offices (250 calls) were inquiring about the process to follow when submitting a competing bids. Others wanted to understand how the established permittee can match the highest bid to continue on the land.

Mike Mower asked if there is pushback from ranchers. Mr. Christy said working with leadership entities has calmed the storm. There is frustration, by those who thought the Agency was introducing competitive bids, but it is just more opportunity for a fair lease process.

Chairman Cononelos announced a break for lunch and said following lunch the Board would go into closed session for the two remaining agenda items.

"I make the motion the Board go into closed session for a discussion of pending or imminent litigation."

Motion: Lekas/Mower Unanimous

Roll Call:

| | | |
|-----------------------|--------------------|--------------------|
| Louie Cononelos – yes | Jim Lekas – yes | Tom Bachtell – yes |
| Scott Ruppe – yes | Roger Barrus – yes | Mike Mower – yes |

f. Exchange and Pending Litigation Update

John Andrews provided the Board members with an update on issues relative to exchanges and litigation in closed session.

g. SITLA Funds to Higher Education

Chairman Cononelos joined Jonathan Bates, Beneficiary Representative for Universities, in leading a discussion in closed session about investment of trust funds.

“I make the motion the Board return to open session.”

Motion: Mower/Ruppe Unanimous

Roll Call:

| | | |
|-----------------------|--------------------|--------------------|
| Louie Cononelos – yes | Jim Lekas – yes | Tom Bachtell – yes |
| Scott Ruppe – yes | Roger Barrus – yes | Mike Mower – yes |

Upon return to open session the Board adjourned the meeting.

Adjourn